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7

8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 OAKLAND DIVISION  
11

12 PHOENIX SOLUTIONS, INC., a California  
13 corporation,

14 Plaintiff,

15 v.

16 WELLS FARGO & COMPANY, a Delaware  
17 corporation,

18 Defendant.  
19  
20

Case No. CV 08 0863-SBA

**AMENDED ANSWER**

**DEMAND FOR JURY TRIAL**

21 Defendant Wells Fargo & Company (“Wells Fargo”) answers Phoenix Solutions, Inc.’s  
22 (“Phoenix’s”) complaint (“Complaint”) as follows:

23 1. Wells Fargo admits that the Complaint purports to recite an action for  
24 infringement under the patent laws of the United States.

25 **I. THE PARTIES**

26 2. Wells Fargo denies that Phoenix is a corporation organized and existing under the  
27 laws of the State of California; Wells Fargo lacks knowledge or information sufficient to form a  
28 belief about the truth of the remainder of the allegations in this paragraph and, on that basis,

1 denies the remainder of the allegations in this paragraph.

2 3. Admitted.

3 **II. FACTUAL BACKGROUND**

4 4. Wells Fargo lacks knowledge or information sufficient to form a belief about the  
5 truth of the allegations in this paragraph and, on that basis, denies the allegations in this  
6 paragraph.

7 5. Wells Fargo lacks knowledge or information sufficient to form a belief about the  
8 truth of the allegations in this paragraph and, on that basis, denies the allegations in this  
9 paragraph.

10 6. Wells Fargo lacks knowledge or information sufficient to form a belief about the  
11 truth of the allegations in this paragraph and, on that basis, denies the allegations in this  
12 paragraph.

13 7. Denied.

14 8. Wells Fargo lacks knowledge or information sufficient to form a belief about the  
15 truth of the allegations in this paragraph and, on that basis, denies the allegations in this  
16 paragraph.

17 9. Wells Fargo lacks knowledge or information sufficient to form a belief about the  
18 truth of the allegations in this paragraph and, on that basis, denies the allegations in this  
19 paragraph.

20 10. Denied.

21 11. Denied.

22 12. Denied.

23 13. Denied.

24 14. Denied.

25 15. Denied.

26 16. Denied.

27 17. Denied.

28 18. Denied.

19. Denied.

20. Denied.

21. Denied.

22. Wells Fargo admits that, on or about June 2, 2006, J. Nicholas Gross of the Trojan Law Offices sent a letter addressed to James Strother, purportedly on behalf of Phoenix, in which Mr. Gross stated that the “speech based electronic agent” that Mr. Gross apparently assumed was operated by Wells Fargo “is very likely covered one or more claims of the Phoenix portfolio in this area.” Wells Fargo admits that the letter listed U.S. Patent Nos. 6,633,846, 6,616,172, 6,665,640, and 7,050,977 and a pending publication, Publication No. 2004/0117189. Wells Fargo further admits that the letter stated that “we request that you please review the enclosed materials, and let us know within 30 days if Wells Fargo is interested in securing a license to the above technologies.” Wells Fargo admits that, on or about June 27, 2006, Walter Linder pointed out in a letter to Mr. Gross that Mr. Gross had failed to identify any specific claims that were infringed and had not provided any specific reasons why any such claims were infringed. Wells Fargo admits that, on or about June 29, 2006, Mr. Gross replied by letter to Mr. Linder that Wells Fargo may have overlooked a CD enclosed with the original letter. Wells Fargo admits that, on or about October 18, 2007, R. Joseph Trojan, purportedly representing Phoenix, sent a letter to Mr. Linder stating, *inter alia*, “the only rational choice is for Wells Fargo to solicit more favorable treatment as a willing licensee than the terms it would receive as a defendant in litigation.” The letter further demanded that Wells Fargo “disclose its call volume for each of the past three years for its interactive natural language processing customer support lines.” Wells Fargo denies the remainder of the allegations in this paragraph.

### III. JURISDICTION AND VENUE

23. This paragraph states no more than a legal conclusion to which no response is required.

24. This paragraph states no more than a legal conclusion to which no response is required.

25. This paragraph states no more than a legal conclusion to which no response is

1 required.

2 **IV. FIRST COUNT FOR INFRINGEMENT**  
 3 **OF UNITED STATES PATENT NO. 6,633,846**

4 26. Wells Fargo repeats and realleges its responses set forth in paragraphs 1-25  
 5 above.

6 27. Wells Fargo admits that what purports to be a copy of U.S. Patent No. 6,633,846  
 7 (“ ’846 patent”) is attached to the Complaint as Exhibit 1. Wells Fargo admits that the ’846  
 8 patent is entitled “Distributed Real Time Speech Recognition System.” Wells Fargo lacks  
 9 knowledge or information sufficient to form a belief about the truth of the remainder of the  
 10 allegations in this paragraph and, on that basis, denies the remainder of the allegations in this  
 11 paragraph.

12 28. Denied.

13 29. Denied.

14 30. Denied.

15 **V. SECOND COUNT FOR INFRINGEMENT**  
 16 **OF UNITED STATES PATENT NO. 6,665,640**

17 31. Wells Fargo repeats and realleges its responses set forth in paragraphs 1-25  
 18 above.

19 32. Wells Fargo admits that what purports to be a copy of U.S. Patent No. 6,665,640  
 20 (“ ’640 patent”) is attached to the Complaint as Exhibit 2. Wells Fargo admits that the ’640  
 21 patent is entitled “Interactive Speech Based Learning/Training System Formulating Search  
 22 Queries Based on Natural Language Parsing of Recognized User Queries.” Wells Fargo lacks  
 23 knowledge or information sufficient to form a belief about the truth of the remainder of the  
 24 allegations in this paragraph and, on that basis, denies the remainder of the allegations in this  
 25 paragraph.

26 33. Denied.

27 34. Denied.

28 35. Denied.

**VI. THIRD COUNT FOR INFRINGEMENT  
OF UNITED STATES PATENT NO. 7,050,977**

36. Wells Fargo repeats and realleges its responses set forth in paragraphs 1 - 25 above.

37. Wells Fargo admits that what purports to be a copy of U.S. Patent No. 7,050,977 (“ ’977 patent”) is attached to the Complaint as Exhibit 3. Wells Fargo admits that the ’977 patent is entitled “Speech-Enabled Server for Internet Website and Method.” Wells Fargo lacks knowledge or information sufficient to form a belief about the truth of the remainder of the allegations in this paragraph and, on that basis, denies the remainder of the allegations in this paragraph.

38. Denied.

39. Denied.

40. Denied.

**VII. FOURTH COUNT FOR INFRINGEMENT  
OF UNITED STATES PATENT NO. 7,277,854**

41. Wells Fargo repeats and realleges its responses set forth in paragraphs 1 - 25 above.

42. Wells Fargo admits that what purports to be a copy of U.S. Patent No. 7,277,854 (“ ’854 patent”) is attached to the Complaint as Exhibit 4. Wells Fargo admits that the ’854 patent is entitled “Speech Recognition System Interactive Agent.” Wells Fargo lacks knowledge or information sufficient to form a belief about the truth of the remainder of the allegations in this paragraph and, on that basis, denies the remainder of the allegations in this paragraph.

43. Denied.

44. Denied.

45. Denied.

**VIII. DEMAND FOR JURY TRIAL**

46. This paragraph demands a jury trial, and accordingly no response is necessary for this paragraph.

**IX. PRAYER FOR RELIEF**

47. Wells Fargo denies each allegation of the Complaint not expressly admitted herein.

**AFFIRMATIVE DEFENSES**

**FIRST AFFIRMATIVE DEFENSE**

48. On information and belief, the '846 patent is invalid because it fails to enable a person of ordinary skill in the art to make and/or use the purported inventions claimed therein as required by 35 U.S.C. § 112.

**SECOND AFFIRMATIVE DEFENSE**

49. On information and belief, the '846 patent is invalid because it fails to set forth an adequate written description of the purported inventions claimed therein as required by 35 U.S.C. § 112.

**THIRD AFFIRMATIVE DEFENSE**

50. On information and belief, the '846 patent is invalid because it fails to provide the best mode known to the putative inventors of practicing the purported inventions claimed therein as required by 35 U.S.C. § 112.

**FOURTH AFFIRMATIVE DEFENSE**

51. On information and belief, the '846 patent is invalid because it fails to satisfy the definiteness requirement of 35 U.S.C. § 112.

**FIFTH AFFIRMATIVE DEFENSE**

52. On information and belief, the '846 patent is invalid because the purported inventions claimed therein are anticipated by prior art under 35 U.S.C. § 102.

**SIXTH AFFIRMATIVE DEFENSE**

53. On information and belief, the '846 patent is invalid because the purported inventions claimed therein do not meet the requirement of non-obviousness contained in 35 U.S.C. § 103.

**SEVENTH AFFIRMATIVE DEFENSE**

54. On information and belief, the '846 patent is invalid because it fails to set forth

1 the proper inventors of the purported inventions claimed in the patent.

2 **EIGHTH AFFIRMATIVE DEFENSE**

3 55. On information and belief, the '846 patent is not infringed by Wells Fargo  
4 because the claim constructions that would be required to find infringement are barred by the  
5 doctrine of prosecution disclaimer and/or prosecution history estoppel.

6 **NINTH AFFIRMATIVE DEFENSE**

7 56. On information and belief, the '640 patent is invalid because it fails to enable a  
8 person of ordinary skill in the art to make and/or use the purported inventions claimed therein as  
9 required by 35 U.S.C. § 112.

10 **TENTH AFFIRMATIVE DEFENSE**

11 57. On information and belief, the '640 patent is invalid because it fails to set forth an  
12 adequate written description of the purported inventions claimed therein as required by 35 U.S.C.  
13 § 112.

14 **ELEVENTH AFFIRMATIVE DEFENSE**

15 58. On information and belief, the '640 patent is invalid because it fails to provide the  
16 best mode known to the putative inventors of practicing the purported inventions claimed therein  
17 as required by 35 U.S.C. § 112.

18 **TWELFTH AFFIRMATIVE DEFENSE**

19 59. On information and belief, the '640 patent is invalid because it fails to satisfy the  
20 definiteness requirement of 35 U.S.C. § 112.

21 **THIRTEENTH AFFIRMATIVE DEFENSE**

22 60. On information and belief, the '640 patent is invalid because the purported  
23 inventions claimed therein are anticipated by prior art under 35 U.S.C. § 102.

24 **FOURTEENTH AFFIRMATIVE DEFENSE**

25 61. On information and belief, the '640 patent is invalid because the purported  
26 inventions claimed therein do not meet the requirement of non-obviousness contained in 35  
27 U.S.C. § 103.

28

**FIFTEENTH AFFIRMATIVE DEFENSE**

62. On information and belief, the '640 patent is invalid because it fails to set forth the proper inventors of the purported inventions claimed in the patent.

**SIXTEENTH AFFIRMATIVE DEFENSE**

63. On information and belief, the '640 patent is not infringed by Wells Fargo because the claim constructions that would be required to find infringement are barred by the doctrine of prosecution disclaimer and/or prosecution history estoppel.

**SEVENTEENTH AFFIRMATIVE DEFENSE**

64. On information and belief, the '977 patent is invalid because it fails to enable a person of ordinary skill in the art to make and/or use the purported inventions claimed therein as required by 35 U.S.C. § 112.

**EIGHTEENTH AFFIRMATIVE DEFENSE**

65. On information and belief, the '977 patent is invalid because it fails to set forth an adequate written description of the purported inventions claimed therein as required by 35 U.S.C. § 112.

**NINETEENTH AFFIRMATIVE DEFENSE**

66. On information and belief, the '977 patent is invalid because it fails to provide the best mode known to the putative inventors of practicing the purported inventions claimed therein as required by 35 U.S.C. § 112.

**TWENTIETH AFFIRMATIVE DEFENSE**

67. On information and belief, the '977 patent is invalid because it fails to satisfy the definiteness requirement of 35 U.S.C. § 112.

**TWENTY-FIRST AFFIRMATIVE DEFENSE**

68. On information and belief, the '977 patent is invalid because the purported inventions claimed therein are anticipated by prior art under 35 U.S.C. § 102.

**TWENTY-SECOND AFFIRMATIVE DEFENSE**

69. On information and belief, the '977 patent is invalid because the purported inventions claimed therein do not meet the requirement of non-obviousness contained in 35



1 U.S.C. § 103.

2 **TWENTY-THIRD AFFIRMATIVE DEFENSE**

3 70. On information and belief, the '977 patent is invalid because it fails to set forth  
4 the proper inventors of the purported inventions claimed in the patent.

5 **TWENTY-FOURTH AFFIRMATIVE DEFENSE**

6 71. On information and belief, the '977 patent is not infringed by Wells Fargo  
7 because the claim constructions that would be required to find infringement are barred by the  
8 doctrine of prosecution disclaimer and/or prosecution history estoppel.

9 **TWENTY-FIFTH AFFIRMATIVE DEFENSE**

10 72. On information and belief, the '854 patent is invalid because it fails to enable a  
11 person of ordinary skill in the art to make and/or use the purported inventions claimed therein as  
12 required by 35 U.S.C. § 112.

13 **TWENTY-SIXTH AFFIRMATIVE DEFENSE**

14 73. On information and belief, the '854 patent is invalid because it fails to set forth an  
15 adequate written description of the purported inventions claimed therein as required by 35 U.S.C.  
16 § 112.

17 **TWENTY-SEVENTH AFFIRMATIVE DEFENSE**

18 74. On information and belief, the '854 patent is invalid because it fails to provide the  
19 best mode known to the putative inventors of practicing the purported inventions claimed therein  
20 as required by 35 U.S.C. § 112.

21 **TWENTY-EIGHTH AFFIRMATIVE DEFENSE**

22 75. On information and belief, the '854 patent is invalid because it fails to satisfy the  
23 definiteness requirement of 35 U.S.C. § 112.

24 **TWENTY-NINTH AFFIRMATIVE DEFENSE**

25 76. On information and belief, the '854 patent is invalid because the purported  
26 inventions claimed therein are anticipated by prior art under 35 U.S.C. § 102.

27 **THIRTIETH AFFIRMATIVE DEFENSE**

28 77. On information and belief, the '854 patent is invalid because the purported

1 inventions claimed therein do not meet the requirement of non-obviousness contained in 35  
2 U.S.C. § 103.

3 **THIRTY-FIRST AFFIRMATIVE DEFENSE**

4 78. On information and belief, the '854 patent is invalid because it fails to set forth  
5 the proper inventors of the purported inventions claimed in the patent.

6 **THIRTY-SECOND AFFIRMATIVE DEFENSE**

7 79. On information and belief, the '854 patent is not infringed by Wells Fargo  
8 because the claim constructions that would be required to find infringement are barred by the  
9 doctrine of prosecution disclaimer and/or prosecution history estoppel.

10 **THIRTY-THIRD AFFIRMATIVE DEFENSE**

11 80. On information and belief, one or more of Phoenix's claims are barred by the  
12 doctrine of laches.

13 **THIRTY-FOURTH AFFIRMATIVE DEFENSE**

14 81. On information and belief, Phoenix's claims for damages are limited and/or  
15 barred by its failure to comply with the provisions of 35 U.S.C. § 287.

16 **THIRTY-FIFTH AFFIRMATIVE DEFENSE**

17 82. On information and belief, Phoenix's claims for infringement of the '846 patent  
18 are barred in whole or in part by its failure to comply with the duty of candor before the United  
19 States Patent and Trademark Office ("USPTO"). Phoenix misrepresented or omitted material  
20 information in prosecuting the '846 patent. The materiality of the information that was omitted  
21 is confirmed by the fact that, as explained further below, in each instance the reference in  
22 question was cited to Phoenix by a patent examiner overseeing the prosecution of a patent  
23 application seeking to claim related subject matter, and the reference was cited as a ground for  
24 rejecting the claims of that pending application. That demonstrates that a reasonable examiner  
25 would have likely considered the withheld information relevant in assessing the patentability of  
26 the claims here. Further, on information and belief, Phoenix withheld the information with the  
27 intent to deceive the USPTO. Phoenix's intent to deceive the USPTO can be inferred from the  
28 fact that it repeatedly failed to cite material prior art of which it was made aware during the

1 course of prosecuting related applications. Illustrative examples of such failures to disclose  
2 material prior art of which Wells Fargo is currently aware are discussed below. As a result of at  
3 least these omissions, the '846 patent is unenforceable due to inequitable conduct.

4 83. During the time that the '846 patent was pending before the USPTO, Phoenix was  
5 aware of U.S. Patent No. 5,615,296 to Stanford. Phoenix became aware of the Stanford patent  
6 no later than May of 2002, when the Examiner in the '640 patent prosecution mailed an Office  
7 Action rejecting the claims of the '640 patent, based in part on obviousness over the Stanford  
8 patent.

9 84. Well over three months later, in September of 2002, Phoenix submitted a  
10 supplemental Information Disclosure Statement. That IDS contained no mention of the Stanford  
11 patent. Days after that, Phoenix submitted a set of amendments and arguments intended to  
12 overcome the Examiner's prior rejection of the claims of the '846 patent. Still no mention was  
13 made of the Stanford patent, despite the fact that Phoenix had attempted at length to distinguish  
14 the Stanford patent in the '640 patent prosecution.

15 85. On March 12, 2003, the Examiner gave notice of allowance of all claims of the  
16 '846 patent. Phoenix still failed to disclose to the USPTO the Stanford patent, a reference that  
17 may well have led the USPTO to withdraw its notice of allowance of the claims.

18 86. The '846 patent reflects on its face that the Stanford patent was never considered  
19 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '846 patent  
20 and the '640 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
21 material reference, Phoenix committed inequitable conduct, and the '846 patent is unenforceable.

22 87. Also during the time that the '846 patent was pending before the USPTO, Phoenix  
23 was aware of U.S. Patent No. 5,983,190 to Trower. Phoenix became aware of the Trower patent  
24 no later than May of 2002, when the Examiner in the '640 patent prosecution mailed an Office  
25 Action rejecting the claims of the '640 patent, based in part on obviousness over the Trower  
26 patent.

27 88. Well over three months later, in September of 2002, Phoenix submitted a  
28 supplemental Information Disclosure Statement. That IDS contained no mention of the Trower

1 patent. Days after that, Phoenix submitted a set of amendments and arguments intended to  
2 overcome the Examiner's prior rejection of the claims of the '846 patent. Still no mention was  
3 made of the Trower patent.

4 89. On March 12, 2003, the Examiner gave notice of allowance of all claims of the  
5 '846 patent. Phoenix still failed to disclose to the USPTO the Trower patent, a reference that  
6 may well have led the USPTO to withdraw its notice of allowance of the claims.

7 90. The '846 patent reflects on its face that the Trower patent was never considered  
8 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '846 patent  
9 and the '640 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
10 material reference, Phoenix committed inequitable conduct, and the '846 patent is unenforceable.

### 11 **THIRTY-SIXTH AFFIRMATIVE DEFENSE**

12 91. On information and belief, Phoenix's claims for infringement of the '640 patent  
13 are barred in whole or in part by its failure to comply with the duty of candor before the USPTO.  
14 Phoenix misrepresented or omitted material information in prosecuting the '640 patent. The  
15 materiality of the information that was omitted is confirmed by the fact that, as explained further  
16 below, in each instance the reference in question was cited to Phoenix by a patent examiner  
17 overseeing the prosecution of a patent application seeking to claim related subject matter, and the  
18 reference was cited as a ground for rejecting the claims of that pending application. That  
19 demonstrates that a reasonable examiner would have likely considered the withheld information  
20 relevant in assessing the patentability of the claims here. Further, on information and belief,  
21 Phoenix withheld the information with the intent to deceive the USPTO. Phoenix's intent to  
22 deceive the USPTO can be inferred from the fact that it repeatedly failed to cite material prior art  
23 of which it was made aware during the course of prosecuting related applications. Illustrative  
24 examples of such failures to disclose material prior art of which Wells Fargo is currently aware  
25 are discussed below. As a result of at least these omissions, the '640 patent is unenforceable due  
26 to inequitable conduct.

27 92. During the time that the '640 patent was pending before the USPTO, Phoenix was  
28 aware of U.S. Patent No. 5,737,485 to Flanagan. Phoenix became aware of the Flanagan patent

1 no later than September of 2001, when the Examiner in the '846 patent prosecution mailed an  
2 Office Action rejecting the claims of the '846 patent, based in part on obviousness over the  
3 Flanagan patent.

4 93. A year later, in September of 2002, Phoenix submitted a set of amendments and  
5 responses to the USPTO's Office Action rejecting the claims of the '640 patent. Phoenix made  
6 no mention of the Flanagan patent at that time. Shortly thereafter, Phoenix submitted another  
7 supplemental Information Disclosure Statement to the USPTO. Yet Phoenix again made no  
8 mention of the Flanagan patent.

9 94. The '640 patent reflects on its face that the Flanagan patent was never considered  
10 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '640 patent  
11 and the '846 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
12 material reference, Phoenix committed inequitable conduct, and the '640 patent is unenforceable.

13 95. During the time that the '640 patent was pending before the USPTO, Phoenix was  
14 aware of U.S. Patent No. 5,265,014 to Haddock. Phoenix became aware of the Haddock patent  
15 no later than September of 2001, when the Examiner in the '846 patent prosecution mailed an  
16 Office Action rejecting the claims of the '846 patent, based in part on obviousness over the  
17 Haddock patent.

18 96. A year later, in September of 2002, Phoenix submitted a set of amendments and  
19 responses to the USPTO's Office Action rejecting the claims of the '640 patent. Phoenix made  
20 no mention of the Haddock patent at that time. Shortly thereafter, Phoenix submitted another  
21 supplemental Information Disclosure Statement to the USPTO. Yet Phoenix again made no  
22 mention of the Haddock patent.

23 97. The '640 patent reflects on its face that the Haddock patent was never considered  
24 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '640 patent  
25 and the '846 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
26 material reference, Phoenix committed inequitable conduct, and the '640 patent is unenforceable.

27 98. During the time that the '640 patent was pending before the USPTO, Phoenix was  
28 aware of U.S. Patent No. 6,336,090 to Chou. Phoenix became aware of the Chou patent no later

1 than May of 2002, when the Examiner in the '846 patent prosecution mailed an Office Action  
2 rejecting the claims of the '846 patent, based in part on obviousness over the Chou patent.

3 99. A few months later, in September of 2002, Phoenix submitted a set of  
4 amendments and responses to the USPTO's Office Action rejecting the claims of the '640 patent.  
5 Phoenix made no mention of the Chou patent at that time. Shortly thereafter, Phoenix submitted  
6 another supplemental Information Disclosure Statement to the USPTO. Yet Phoenix again made  
7 no mention of the Chou patent.

8 100. The '640 patent reflects on its face that the Chou patent was never considered by  
9 the Examiner during its prosecution. Notably, the attorney prosecuting both the '640 patent and  
10 the '846 patent was the same: J. Nicholas Gross. By intentionally failing to submit this material  
11 reference, Phoenix committed inequitable conduct, and the '640 patent is unenforceable.

### 12 **THIRTY-SEVENTH AFFIRMATIVE DEFENSE**

13 101. On information and belief, Phoenix's claims for infringement of the '977 patent  
14 are barred in whole or in part by its failure to comply with the duty of candor before the USPTO.  
15 Phoenix misrepresented or omitted material information in prosecuting the '977 patent. The  
16 materiality of the information that was omitted is confirmed by the fact that, as explained further  
17 below, in each instance the reference in question was cited to Phoenix by a patent examiner  
18 overseeing the prosecution of a patent application seeking to claim related subject matter, and the  
19 reference was cited as a ground for rejecting the claims of that pending application. That  
20 demonstrates that a reasonable examiner would have likely considered the withheld information  
21 relevant in assessing the patentability of the claims here. Further, on information and belief,  
22 Phoenix withheld the information with the intent to deceive the USPTO. Phoenix's intent to  
23 deceive the USPTO can be inferred from the fact that it repeatedly failed to cite material prior art  
24 of which it was made aware during the course of prosecuting related applications. Illustrative  
25 examples of such failures to disclose material prior art of which Wells Fargo is currently aware  
26 are discussed below. As a result of at least these omissions, the '977 patent is unenforceable due  
27 to inequitable conduct.

28 102. During the time that the '977 patent was pending before the USPTO, Phoenix was

1 aware of U.S. Patent No. 5,615,296 to Stanford. Phoenix became aware of the Stanford patent  
2 no later than May of 2002, when the Examiner in the '640 patent prosecution mailed an Office  
3 Action rejecting the claims of the '640 patent, based in part on obviousness over the Stanford  
4 patent.

5 103. After May of 2002, Phoenix submitted no less than five Information Disclosure  
6 Statements. Not one disclosed the Stanford patent. Phoenix also twice amended its claims, but  
7 did not make any mention of the Stanford patent when doing so, despite the fact that Phoenix had  
8 attempted at length to distinguish the Stanford patent in the '640 patent prosecution.

9 104. The '977 patent reflects on its face that the Stanford patent was never considered  
10 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '977 patent  
11 and the '640 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
12 material reference, Phoenix committed inequitable conduct, and the '977 patent is unenforceable.

13 105. During the time that the '977 patent was pending before the USPTO, Phoenix was  
14 aware of U.S. Patent No. 5,737,485 to Flanagan. Phoenix became aware of the Flanagan patent  
15 no later than September of 2001, when the Examiner in the '846 patent prosecution mailed an  
16 Office Action rejecting the claims of the '846 patent, based in part on obviousness over the  
17 Flanagan patent.

18 106. After September of 2001, Phoenix submitted a half-dozen Information Disclosure  
19 Statements. Not one disclosed the Flanagan patent. Phoenix also twice amended its claims, but  
20 did not make any mention of the Flanagan patent when doing so.

21 107. The '977 patent reflects on its face that the Flanagan patent was never considered  
22 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '977 patent  
23 and the '846 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
24 material reference, Phoenix committed inequitable conduct, and the '977 patent is unenforceable.

25 108. During the time that the '977 patent was pending before the USPTO, Phoenix was  
26 aware of U.S. Patent No. 5,265,014 to Haddock. Phoenix became aware of the Haddock patent  
27 no later than September of 2001, when the Examiner in the '846 patent prosecution mailed an  
28 Office Action rejecting the claims of the '846 patent, based in part on obviousness over the



1 Haddock patent.

2 109. After September of 2001, Phoenix submitted a half-dozen Information Disclosure  
3 Statements. Not one disclosed the Haddock patent. Phoenix also twice amended its claims, but  
4 did not make any mention of the Haddock patent when doing so.

5 110. The '977 patent reflects on its face that the Haddock patent was never considered  
6 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '977 patent  
7 and the '846 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
8 material reference, Phoenix committed inequitable conduct, and the '977 patent is unenforceable.

9 111. During the time that the '977 patent was pending before the USPTO, Phoenix was  
10 aware of U.S. Patent No. 5,540,589 to Waters. Phoenix became aware of the Waters patent no  
11 later than September of 2001, when the Examiner in the '846 patent prosecution mailed an  
12 Office Action rejecting the claims of the '846 patent, based in part on obviousness over the  
13 Waters patent.

14 112. After September of 2001, Phoenix submitted a half-dozen Information Disclosure  
15 Statements. Not one disclosed the Waters patent. Phoenix also twice amended its claims, but  
16 did not make any mention of the Waters patent when doing so.

17 113. The '977 patent reflects on its face that the Waters patent was never considered by  
18 the Examiner during its prosecution. Notably, the attorney prosecuting both the '977 patent and  
19 the '846 patent was the same: J. Nicholas Gross. By intentionally failing to submit this material  
20 reference, Phoenix committed inequitable conduct, and the '977 patent is unenforceable.

21 114. During the time that the '977 patent was pending before the USPTO, Phoenix was  
22 aware of U.S. Patent No. 6,336,090 to Chou. Phoenix became aware of the Chou patent no later  
23 than May of 2002, when the Examiner in the '846 patent prosecution mailed an Office Action  
24 rejecting the claims of the '846 patent, based in part on obviousness over the Chou patent.

25 115. After May of 2002, Phoenix submitted no less than five Information Disclosure  
26 Statements. Not one disclosed the Chou patent. Phoenix also twice amended its claims, but did  
27 not make any mention of the Chou patent when doing so.

28 116. The '977 patent reflects on its face that the Chou patent was never considered by



1 the Examiner during its prosecution. Notably, the attorney prosecuting both the '977 patent and  
2 the '846 patent was the same: J. Nicholas Gross. By intentionally failing to submit this material  
3 reference, Phoenix committed inequitable conduct, and the '977 patent is unenforceable.

4 117. During the time that the '977 patent was pending before the USPTO, Phoenix was  
5 aware of U.S. Patent No. 5,983,190 to Trower. Phoenix became aware of the Trower patent no  
6 later than May of 2002, when the Examiner in the '640 patent prosecution mailed an Office  
7 Action rejecting the claims of the '640 patent, based in part on obviousness over the Trower  
8 patent.

9 118. After May of 2002, Phoenix submitted no less than five Information Disclosure  
10 Statements. Not one disclosed the Trower patent. Phoenix also twice amended its claims, but  
11 did not make any mention of the Trower patent when doing so.

12 119. The '977 patent reflects on its face that the Trower patent was never considered  
13 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '977 patent  
14 and the '640 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
15 material reference, Phoenix committed inequitable conduct, and the '977 patent is unenforceable.

### 16 **THIRTY-EIGHTH AFFIRMATIVE DEFENSE**

17 120. On information and belief, Phoenix's claims for infringement of the '854 patent  
18 are barred in whole or in part by its failure to comply with the duty of candor before the USPTO.  
19 Phoenix misrepresented or omitted material information in prosecuting the '854 patent. The  
20 materiality of the information that was omitted is confirmed by the fact that, as explained further  
21 below, in each instance the reference in question was cited to Phoenix by a patent examiner  
22 overseeing the prosecution of a patent application seeking to claim related subject matter, and the  
23 reference was cited as a ground for rejecting the claims of that pending application. That  
24 demonstrates that a reasonable examiner would have likely considered the withheld information  
25 relevant in assessing the patentability of the claims here. Further, on information and belief,  
26 Phoenix withheld the information with the intent to deceive the USPTO. Phoenix's intent to  
27 deceive the USPTO can be inferred from the fact that it repeatedly failed to cite material prior art  
28 of which it was made aware during the course of prosecuting related applications. Illustrative

1 examples of such failures to disclose material prior art of which Wells Fargo is currently aware  
2 are discussed below. As a result of at least these omissions, the '854 patent is unenforceable due  
3 to inequitable conduct.

4 121. During the time that the '854 patent was pending before the USPTO, Phoenix was  
5 aware of U.S. Patent No. 5,983,190 to Trower. Phoenix became aware of the Trower patent no  
6 later than May of 2002, when the Examiner in the '640 patent prosecution mailed an Office  
7 Action rejecting the claims of the '640 patent, based in part on obviousness over the Trower  
8 patent.

9 122. Phoenix filed the continuation application that matured into the '854 patent in  
10 January of 2005, nearly three years after it indisputably learned of the Trower patent. At no time  
11 during the prosecution of the '854 patent did Phoenix disclose the Trower patent to the USPTO.

12 123. The '854 patent reflects on its face that the Trower patent was never considered  
13 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '854 patent  
14 and the '640 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
15 material reference, Phoenix committed inequitable conduct, and the '854 patent is unenforceable.

16 124. During the time that the '854 patent was pending before the USPTO, Phoenix was  
17 aware of U.S. Patent No. 6,101,472 to Giangarra. Phoenix became aware of the Giangarra patent  
18 no later than August of 2004, when the Examiner in the '977 patent prosecution mailed an Office  
19 Action rejecting the claims of the '977 patent, based in part on obviousness over the Giangarra  
20 patent.

21 125. Phoenix filed the continuation application that matured into the '854 patent in  
22 January of 2005, several months after it indisputably learned of the Giangarra patent. At no time  
23 during the prosecution of the '854 patent did Phoenix disclose the Giangarra patent to the  
24 USPTO.

25 126. The '854 patent reflects on its face that the Giangarra patent was never considered  
26 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '854 patent  
27 and the '977 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
28 material reference, Phoenix committed inequitable conduct, and the '854 patent is unenforceable.

1           127. During the time that the '854 patent was pending before the USPTO, Phoenix was  
2 aware of U.S. Patent No. 6,330,530 to Horiguchi. Phoenix became aware of the Horiguchi  
3 patent no later than August of 2004, when the Examiner in the '977 patent prosecution mailed an  
4 Office Action rejecting the claims of the '977 patent, based in part on obviousness over the  
5 Horiguchi patent.

6           128. Phoenix filed the continuation application that matured into the '854 patent in  
7 January of 2005, several months after it indisputably learned of the Horiguchi patent. At no time  
8 during the prosecution of the '854 patent did Phoenix disclose the Horiguchi patent to the  
9 USPTO.

10           129. The '854 patent reflects on its face that the Horiguchi patent was never considered  
11 by the Examiner during its prosecution. Notably, the attorney prosecuting both the '854 patent  
12 and the '977 patent was the same: J. Nicholas Gross. By intentionally failing to submit this  
13 material reference, Phoenix committed inequitable conduct, and the '854 patent is unenforceable.

14           130. During the time that the '854 patent was pending before the USPTO, Phoenix was  
15 aware of U.S. Patent No. 6,901,366 to Kuhn. Phoenix became aware of the Kuhn patent no later  
16 than June of 2005, when the Examiner in the '977 patent prosecution mailed an Office Action  
17 rejecting the claims of the '977 patent, based in part on obviousness over the Kuhn patent.

18           131. After June of 2005, Phoenix submitted several Information Disclosure  
19 Statements, and also amended the claims several times. At no time during the prosecution of the  
20 '854 patent did Phoenix disclose the Kuhn patent to the USPTO.

21           132. The '854 patent reflects on its face that the Kuhn patent was never considered by  
22 the Examiner during its prosecution. Notably, the attorney prosecuting both the '854 patent and  
23 the '977 patent was the same: J. Nicholas Gross. By intentionally failing to submit this material  
24 reference, Phoenix committed inequitable conduct, and the '854 patent is unenforceable.

### 25                           **THIRTY-NINTH AFFIRMATIVE DEFENSE**

26           133. On information and belief, the '846 patent is invalid under the doctrine barring  
27 double patenting and/or obviousness-type double patenting.  
28

**FORTIETH AFFIRMATIVE DEFENSE**

134. On information and belief, the '640 patent is invalid under the doctrine barring double patenting and/or obviousness-type double patenting.

**FORTY-FIRST AFFIRMATIVE DEFENSE**

135. On information and belief, the '977 patent is invalid under the doctrine barring double patenting and/or obviousness-type double patenting.

**FORTY-SECOND AFFIRMATIVE DEFENSE**

136. On information and belief, the '854 patent is invalid under the doctrine barring double patenting and/or obviousness-type double patenting.

**PRAYER FOR RELIEF**

WHEREFORE, Wells Fargo prays for judgment as follows:

(a) That Phoenix take nothing by its Complaint and the Court dismiss its Complaint with prejudice;

(b) That the Court find that no claim of the '846 patent has been, or is, infringed willfully, deliberately, or otherwise by Wells Fargo;

(c) That the Court find that no claim of the '640 patent has been, or is, infringed willfully, deliberately, or otherwise by Wells Fargo;

(d) That the Court find that no claim of the '977 patent has been, or is, infringed willfully, deliberately, or otherwise by Wells Fargo;

(e) That the Court find that no claim of the '854 patent has been, or is, infringed willfully, deliberately, or otherwise by Wells Fargo;

(f) That the Court find that the claims of the '846 patent are invalid;

(g) That the Court find that the claims of the '640 patent are invalid;

(h) That the Court find that the claims of the '977 patent are invalid;

(i) That the Court find that the claims of the '854 patent are invalid;

(j) That the Court find that the '846 patent is unenforceable because of inequitable

1 conduct committed during its prosecution;

2 (k) That the Court find that the '640 patent is unenforceable because of inequitable  
3 conduct committed during its prosecution;

4 (l) That the Court find that the '977 patent is unenforceable because of inequitable  
5 conduct committed during its prosecution;

6 (m) That the Court find that the '854 patent is unenforceable because of inequitable  
7 conduct committed during its prosecution;

8 (n) That the Court award Wells Fargo reasonable attorneys' fees under 35 U.S.C. § 285;

9 (o) That the Court award Wells Fargo all costs and expenses it incurs in this action;

10 (p) That the Court award Wells Fargo such other and further relief that it deems just and  
11 proper.  
12

13 **DEMAND FOR JURY TRIAL**

14 Wells Fargo hereby demands a trial by jury of all issues so triable in this action.  
15

16 Dated: March 24, 2008

KEKER & VAN NEST, LLP

17  
18  
19 By: /s/ Eugene M. Paige  
20 Eugene M. Paige  
21 Attorneys for Defendant  
22 WELLS FARGO & COMPANY  
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